



2. WORLD TRADE ORGANIZATION

The World Trade Organization is key to the smooth functioning of the international trading system. Established January 1, 1995, to succeed the General Agreement on Tariffs and Trade (GATT), the WTO oversees the administration and functioning of multilateral trade agreements and helps maintain the rules governing world trade. It reduces the ability of the bigger and more powerful economies to operate outside the rules that have been negotiated by all countries. As well, the WTO dispute settlement process ensures timely settlement through consultation, establishment of panels, appellate body review, and adoption of panel reports.

For Canada, a nation heavily dependent on trade, effective trade rules are vital to ensure stable economic growth. Canada is therefore active across the entire range of activities in the WTO to improve market access for Canadian firms.

2.1 Improving Access for Trade in Goods

Information Technology Agreement

By late 1996, Canada and a number of other countries, representing over 90% of the \$500 billion a year global trade in information technology products, have endorsed a Ministerial Declaration on Trade in Information Technology Products which was agreed to at the December 1996 WTO Ministerial Conference in Singapore. The annex to this Declaration, known as the Information Technology Agreement (ITA), calls for the staged elimination, between 1997 and 2000, of most-favoured-nation tariffs on a broad range of information technology products. The ITA product coverage includes computers, telecommunications equipment, semi-conductors and certain other electronic equipment. Potential participants in the ITA include many of Canada's key trading partners, e.g., the United States, the European Union, Japan, Korea, Singapore, Chinese Taipei, Hong Kong, Switzerland, Australia, Malaysia, Thailand and India.

The ITA will stimulate trade in information technology products and boost Canadian exports in this sector, which amounted to \$16 billion in 1995. This agreement is expected to lead to improved market access, lower prices on inputs for Canadian producers, and growing markets. The Canadian information technology sector is particularly strong